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Report Highlights:

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APPROVED***FEDERAL FUNDING FOR ORGANIC PRODUCERS***MAJOR
GROCERY CHAIN ORDERS SUPPLIERS TO REMOVE GMO-FREE LABEL
CLAIMS***JUST-IN-TIME RAIN MEANS A FIGHTING CHANCE*****

And More...

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
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This Week in Canadian Agriculture is a weekly review of Canadian agricultural industry developments of interest to the U.S. agricultural community. The issues summarized in this report cover a wide range of subject matter obtained from Canadian press reports, government press releases, and host country agricultural officials and representatives. Substantive issues and developments are generally also reported in detail in separate reports from this office.

Disclaimer: Any press report summaries in this report are included to bring U.S. readership closer to the pulse of Canadian developments in agriculture. In no way do the views and opinions of these sources reflect USDA's, the U.S. Embassy's, or any other U.S. Government agency's point of view or official policy.

LIVESTOCK REGIONALIZATION REGULATIONS APPROVED: According to Canadian Food Inspection Agency officials, the federal cabinet approved Canada's regionalization regulations on June 7, 2001. These animal health regulations will recognize the principles of regionalization or zoning, and allow for the recognition of regions of differing animal health status in the United States. The December 1998 Record of Understanding (ROU) called on Canada to publish the final regulations by early 2001. The regulations will facilitate ongoing recognition of zones within the U.S. of animal health equivalent to Canada. Documentation requirements from these zones will be reduced thereby facilitating importations. If a state were assessed as a zone of equivalence for swine, then swine or porcine germplasm could be imported from that state based on a certificate of origin. No import permit or animal disease testing would be required, and no restrictions on end use would be imposed. For cattle, the regionalization policy should recognize the tuberculosis status of various states as well as bluetongue status of northeastern states. The final regulations are expected to be published in the Canada Gazette on June 20, 2001.

FEDERAL FUNDING FOR ORGANIC PRODUCERS: Agriculture and Agri-Food Minister Lyle Vanclief announced federal funding totaling \$400,000 to help Canadian organic food producers increase their domestic and international sales. The bulk of the federal assistance money will fund the Organic Accreditation Assistance Program, a plan to encourage certifying bodies to apply for accreditation under the National Organic Standard. The remainder will help offset publishing costs of an Organic Field Crop Handbook and support next year's International Federation of Organic Agriculture Movements World Congress in Victoria, British Columbia, which is expected to attract 1,000 delegates representing the organic movement from around the world. Agriculture and Agri-Food Canada believes Canadian retail sales of organic food exceed \$660 million. Canada adopted a national organic standard in 1999 (see CA9053).

MAJOR GROCERY CHAIN ORDERS SUPPLIERS TO REMOVE GMO-FREE LABEL CLAIMS: According to the Globe and Mail newspaper, Loblaws, Canada's largest grocery retailer has ordered its suppliers to soon remove any food labels that identify the food as being free of genetically modified (GM) ingredients. The move has angered many of the organic food processors that market their products in Loblaws' health food department as being free of chemical additives and genetically modified material. A company spokesperson reportedly stated, "It is our position that until such time as a government and-or industry-supported definition of genetic modification exists in Canada we will not support product packaging containing non-GMO claims." Loblaws CEO, Galen Weston said the company is sensitive to the

concern about GM foods and his chain has introduced a line of organically produced food items which will be expanded this fall. A spokesperson for Nature's Path Foods Inc., a British-Columbia-based company that produces organic breakfast cereals, said the B.C. firm would comply with the Loblaw's directive for fear of losing shelf space.

MANDATORY GM LABELING MISLEADING: The June 8 edition of *Good Morning Ontario* reported that according to a coalition of Ontario farm groups, mandatory labeling requirements for genetically modified foods have resulted in consumer deception and misinformation in countries where they've been enacted. "Every country that requires mandatory labeling for genetically modified foods has also developed a long list of exemptions and loopholes to address the difficulties inherent in the process. As a result, many foods that are labeled 'non-GM' in other countries have a significant proportion of ingredients that have been obtained from genetically modified crops," said Mary Lou Garr, vice-chair of AGCare, a coalition of agricultural producer groups in Ontario. "We think that Canadian consumers deserve better, and that's why we support the voluntary labeling standards process currently in development through the Canadian General Standards Board."

JUST-IN-TIME RAIN MEANS A FIGHTING CHANCE: June 11 *Agriline* reports the western two-thirds of the prairie grain belt got rain in the last 10 days. In the extreme south and southwest of Alberta it was the first significant rain in 10 months. Trade sources indicate another 3-4 inches will be needed soon. In the province's extreme south it has not been this dry since weather records started to be kept 132 years ago. *Agriline* reports that crops do not look good elsewhere on the prairies right now. On the whole, about 80% of total prairie crop acreage (including at least 70% of the regions that account for most canola and special crop production) is not in good shape. The next 20-30 days are critical for 2001 crop production on the prairies. However, across the western half of the prairies average yields this year appear very unlikely, no matter how the weather turns.

QUEBEC CROP REPORT: *Good Morning Ontario* reported on June 12 that Quebec enjoyed a dry, early spring which allowed more corn planting than originally planned, according to Armand Mousseau, grains specialist with the U.P.A. du Quebec. Statistics Canada, on March 31, predicted 413 thousand hectares (1.02 million acres) of Quebec farmland would go into corn and 167 thousand hectares (413 million acres) would go into soybeans. These preliminary projections show a very slight increase in the corn area and an increase of 7% for soybeans over 2000. "Corn acreage is closer to 420 thousand hectares," says Mousseau. "Seed companies report an additional 2% in sales. The extra land comes at the expense of soybeans. Instead of the 7% increase in soybean acreage, it's likely only 4% more than last year." The dry spring hurt germination, says Mousseau. "It might have been as bad as a 2% loss." According to Mousseau, Quebec barley acreage is also larger than last year and larger than Statistics Canada has projected.

CWB EXPLAINS IT BENEFITS ORGANICS: The Canadian Wheat Board (CWB) earlier in the month denounced allegations that the CWB impedes the organic industry. According to Chairman Ken Ritter, the CWB adds value to the organic industry in five ways: (1) The marketing efforts of the CWB and the quality work of the Canadian Grain Commission have created a reputation and demand for Canadian grain. (2) The single-desk system of selling

maintains a price structure that extracts premiums in many markets. Since the organic prices are based on conventionally grown grain prices, higher conventional prices result in higher organic prices; (3) The CWB is demanding guidelines for genetically modified wheat in Canada to protect the integrity of existing markets. The organic industry has indicated this is its most important issue; (4) The CWB offers delivery alternatives to organic producers who are not in a position to directly market their grain; and (5) The CWB will be doing organic product promotion, including programs to assist growers with customs brokering and transportation and providing market intelligence and price information to organic farmers. The CWB also announced it will streamline its Producer Direct Sale process and will offer credit arrangements to organic growers.

ONTARIO TO INTRODUCE BILL TO PROTECT WATER AND SET STANDARDS

FOR FARMS: The Ontario government said in a press release that it will soon introduce a new law that would set and enforce clear, consistent standards for nutrient management on farms and protect the environment, announced Minister of Agriculture, Food and Rural Affairs Brian Coburn. Under the proposed Nutrient Management Act 2001, new standards will be developed for all land-applied materials containing nutrients relating to agriculture -including livestock manure, commercial fertilizer, municipal biosolids, septage and industrial pulp and paper sludge. Stakeholders and the Ministry of the Environment will partner with the Ministry of Agriculture, Food and Rural Affairs over the summer to develop the provincial standards. For livestock operations, the provincial bill would provide for a framework to phase in standards depending on the size of farm operations and the number of animal units.

ONTARIO DAIRY PRODUCERS GET 2 EXTRA QUOTA DAYS FOR JUNE, JULY:

According to the June, 2001 edition of *Eastern Ontario AgriNews*, there's some good news for dairy farmers who are able to produce a little extra milk this month and next. For the months of June and July, Dairy Farmers of Ontario (DFO) is introducing a summer incentive program aimed at getting dairy producers to increase milk production. The program will include two extra days of production credits per month for each of the two months. This is equivalent to an approximately 6.6% increase in quota for June and July. According to DFO, the Board realized that Ontario would not be filling its provincial allotment of market-sharing quota (MSQ) on a national basis, so it introduced the summer incentive to help boost production. The summer incentive program is in addition to the fall incentive program, and will give dairy farmers one-and-a-half days of production credits for August, September, October and November. According to DFO, "Producers will not be allowed to pay back or accumulate more than nine days of under-production during the September to November period." Last year's poor growing season is faulted for the lower production in Ontario over the past year. However, this year, things are off to a much better start and dairy producers will be in a better position to produce more milk in the upcoming dairy year.

CWB ANNUAL REPORT FOR '99-00: A June 11 *AgriLine Daily* article reported that the Canadian Wheat Board crop year shows dollar returns higher than in '98-99 for all pool accounts except durum. Per-ton amounts were lower for wheat and feed barley. Wheat brought C\$3.04 billion on 16.43 mmt (vs. \$2.57 billion on 12.51 mmt in '98-99). Durum revenue was \$892.5 million on 3.98 mmt (\$1.08 billion, 4.90 mmt), feed barley \$90.3 million on 671,703 tons (\$38.3 million, 277,100), malting barley \$482.4 million on 2.55 mmt (\$332.1 million, 1.92 mmt). CWB

said its share of world wheat and barley markets rose by about 3% to 17% and 10% respectively, but its share of world durum market declined from 66% in 98/99 to 60%.

NEW DREYFUS TERMINAL FOR DAWSON CREEK, BC: A June 12 *Canadagriculture Online* article reported that Louis Dreyfus Canada has announced plans to build a 20,000 ton high-throughput grain elevator in the BC Rail yard in Dawson Creek, British Columbia. An office will open June 25 to facilitate forward contracting, but the steel-construction elevator is scheduled to open in October of 2001. The Dawson Creek elevator will have a 50-car spot, drying capacity of 3,000 bushes an hour and will clean to export standards.

FARMERS EXPERIMENT WITH CANOLA-BASED FUEL ADDITIVE: The June 13 *Good Morning Ontario* reported that Canadian prairie farmers in Saskatchewan, Alberta and Manitoba, as well some producers in Ontario, are experimenting with a new canola-based fuel additive that purportedly prolongs the motor life of farm machinery and improves fuel economy, according to a report from Bridge News. The oilseed-based diesel fuel additive, also known as a diesel fuel conditioner, is the first additive of its kind produced in North America with canola oil.

Did You Know...

That according to a 1999 Statistics Canada report, almost 5% of the fruit and vegetable farms in Canada consider themselves to be organic producers.

Recent Reports from FAS/Ottawa:

Report Number	Title of Report	Date
CA1081	This Week in Canadian Agriculture, 22	6/7/01
CA1082	Federal Funding for Organic Growers	6/11/01

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